market. During 1993-94, there was a large supply of foreign exchange on account of exceptionally strong growth in the country's export earnings and inflows of foreign capital as also positive inflows of non-resident deposits. At the same time import demand was unexpectedly weak as imports increased only by 6.1 per cent in dollar terms during 1993-94. These trends led to a welcome build-up in foreign currency reserves from the low levels to which they had dropped earlier. The weakness in import growth can be expected to be a temporary phenomenon. A high level of reserves is required to meet any contingencies which may arise from time to time in the context of a more open economy.

An increase in the value of the Rupee will adversely affect our exports and will encourage imports which together would worsen the balance of trade. This will also prevent the country from building up comfortable stocks of foreign exchange reserves which are our security against future contingencies.

(c) Reserve Bank of India's net purchases of foreign exchange from authorised dealers amounted to US $ 12582 million (Rs. 39459 crores) in 1993-94 and US$3537 million (Rs. 11096 crore) during the first quarter of 1994-95.

(d) The exchange rate of the Rupee is continuously monitored and its movements are assessed from the point of view of export performance, the cost of imports, the burden of debt servicing and other factors.

Committee to Trace the end Use of Money in Securities Scam

*134. SHRIMATI KAMLA SINHA:
DR. BAPU KALDATE:

Will the Minister of FINANCE be pleased to state:

(a) whether the committee set up to trace the end use of money in the securities scam has submitted its report to Government;

(b) if so what are the findings of the committee; and

(c) the steps contemplated by Government in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (c) The Inter-Disciplinary Group for tracing end use of monies involved in the exposure of banks and financial institutions in the irregular securities transactions, submitted an Interim Report to Reserve Bank of India in which they have reconciled the variation in the figures of exposure arrived at by the Janakiraman Committee, CBI and Custodian's Office. The Interim Report also presents analysis of debits and credits in 143 bank accounts of Harshad Mehta Group out of 173 accounts of this group. The scrutiny is continuing. Further the Interim Report details the constraints in tracing the end use of funds and identifying the assets acquired by the beneficiaries and also the strategies for looing into this matter.

Reserve Bank of India has been requested by the Government to review the progress made by the Group and to provide additional man power support to enable it to complete its task expeditiously.

Acquisition off American dollars by RBI etc.

*135. SHRI INDER KUMAR GUJRAL: Will the Minister of FINANCE be pleased to state:

(a) the amount of American dollars acquired in the post budget period by the RBI or other authorised agencies of the Government of India;

(b) whether the quantum of such purchases was conditioned by weakening of the US currency in international market;

(c) whether the size of purchases has, in any way, caused inflationary pressure on Indian monetary system;

(d) whether Government are contemplating amending its fiscal policies to meet the situation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Since the pesentation of the Union Budget on February 28, 1994 the Reserve Bank of India has purchased US $ 6642 million from authorised dealers upto July 22, 1994.

(b) The US dollar being the intervention currency, sale and purchase of foreign exchange from the authorised dealers are effected in U.S. dollars. The purchases by the RBI are determined by the surplus of US dollars in the Indian foreign exchange market.

(c) Accretion to foreign exchange reserves results in reserve money creation. This increase in reserve money leads to money supply expansion which, if excessive, contributes be inflation. However, supplyside factors like foodgrain stocks, availability of foreign exchange reserves etc. mitigate these inflationary pressures. In the current year, the Central Government's recourses to net RBI credit has been significantly lower which has moderated the impact of foreign exchange reserves on reserve money and on money supply expansion.

(d) Government is determined to keep the fiscal deficit within 6 per cent of GDP during 1994-95 against 7.8 per cent during 1993-94 and also restrict the recourse to ad hoc treasury bills as stipulated in the Budget for 1994-95. Fiscal policy is constantly under review to meet the exigencies of the situation.

Withdrawal of subsidy from energy sector

*137. SHRI GURUDAS DAS GUPTA:
SHRI JALALUDIN ANSARI:

Will the Minister of POWER be pleased to state:

(a) whether it is a fact that Government are considering a proposal to completely withdraw subsidy from the energy sector; and

(b) if so, what is the extent and expected rise in the power tariff as a result thereof?

THE MINISTER OF POWER (SHRI N. K. P. SALVE): (a) No, Sir. The tariff for sale of electricity to the different sectors of consumers and the extent of subsidy to be provided is fixed by the SEBs with the approval of the concerned State Governments.

(b) Does not arise.

Expansion of AIR/DD network in Madhya Pradesh

*133. SHRI GHUFRAN AZAM: Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

(a) whether Madhya Pradesh Government have recently sent proposals to the Union Government for the expansion of AIR/Doordarshan network;

(b) if so, whether the existing number of T.V. transmitters and AIR stations in the State are inadequate to cover the entire population and area; and

(c) if so, the plans of Government to set up such AIR/Doordarshan transmitters during the Eighth Plan period?

THE MINISTER OF STATE OF THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI K. P. SINGH DEO): (a) Yes, Sir.

(b) Present coverage of the State by AIR is 97 percent by population and 95 percent by area, while the coverage by Doordarshan is 69.7 per cent by population and 64.4 per cent by area. The national average coverage is as follows: